

## Meeting of the Board of Directors of South Bank University Enterprises Ltd

2.30pm on Wednesday 28 March 2012  
held in 1B07, Technopark, London South Bank University

### Agenda

	<i>Paper No.</i>	<i>Presenter</i>
1. Welcome and Apologies		Chair
2. Declarations of Interest		Chair
3. Minutes of the meeting of 14 November 2011(to approve)		Chair
4. Matters Arising		Chair
5. Intellectual Property and Spin-out Company Matters		Dir of Enterprise
6. Update on Memorandum and Articles of Association	SBUEL.01(12)	Sec
7. Management Accounts	SBUEL.02(12)	
8. Membership of the Board <ul style="list-style-type: none"><li>• Appointment of Tim Gebbels as director</li></ul>		Chair
9. Any Other Business <ul style="list-style-type: none"><li>• Recapitalisation</li><li>• Change of name/use of trading name</li><li>• IP Steering Group</li><li>• Pensions</li></ul>		Chair
10. Date of Next Meeting – 13 June 2012 at 2.30pm		Sec

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Members: Richard Flatman (Chair), Bev Jullien, Ed Tinley

In attendance: Company Secretary, Director of Enterprise, Accountant, Governance Officer.

Minutes of a Meeting of the Board of Directors  
of South Bank University Enterprises Ltd  
held at 1pm on Monday, 14 November 2011  
in Room 1B05, Technopark, London Road, London SE1

**Present**

Mr R Flatman            Chair  
Ms B Jullien  
Dr A Tilbrook  
Dr E Tinley

**In attendance**

Mr J Stevenson        University Secretary and Clerk to the Board of Governors  
Ms R Warren            Accountant for South Bank University Enterprises Ltd. (*for minutes 1-16*)  
Mr M Broadway        Governance Assistant

**Welcome and apologies**

10. It was noted that no apologies had been received.

**Approval of Statutory Accounts**

11. The Chair introduced the Statutory Accounts (paper **SBUEL.04(11)**). The committee noted that the audit was complete and that there had been no audit issues. Directors discussed the negative net liabilities, but agreed that it was in the best interests of the company, to approve the accounts as drafted, in the light of the shareholder's ongoing strategic review of its enterprise activities.
12. The board **approved** the accounts subject to the following amendments:
- a. The 'Future Prospects' paragraph be amended to include the proposed recapitalisation of the company by the shareholder, London South Bank University;
  - b. The list of 'Officers and professional advisors' be amended to show that Sarah Priestman had resigned as Company Secretary on 2 November 2011 to be replaced by James Stevenson.
13. The board requested the amendments to be circulated to them for final approval before signature from the Chair.

14. The board noted that the external auditor would sign the accounts following the London South Bank University board meeting of 24 November 2011.

### **Letter of Representation**

15. The board discussed an updated letter of representation (paper **SBUEL.05(11)**).
16. The board approved the revised letter of representation, for signature by the Chairman.

*Rebecca Warren left the meeting*

*The meeting then adjourned for the AGM*

*The AGM closed and the directors' meeting then resumed.*

### **Minutes of the meeting of 16 May 2011**

17. The minutes were approved subject to the following amendments:
  - 17.a Minute 11/SBUDEL/07 be amended to read "that the key themes and key pillars had been agreed".
18. There were no matters arising from the minutes which were not covered elsewhere on the agenda.

### **Intellectual Property (IP) and Spin-out Company matters**

*Solion*

19. The board noted that the infringement case brought by RenuSol against Solion was heard in the German courts during the week commencing 7 November 2011 and that the case had been rejected. The board noted that RenuSol may appeal and this process could take 2-3 years.

*Biox*

20. The board noted that Biox's 2010 accounts had been received. They showed a turnover of £200k and a profit of £30k.

### *About Time Design*

21. The board noted that sales were very low for Novaflo and that this was linked to the downturn in the construction industry. Turnover was £20k.

### *Matthieu Philippault*

22. The board noted that Matthieu Philippault had been invited to the G20 Young Entrepreneur's summit in Nice.

### *Drive Daddy*

23. The board noted that LSBU Enterprise Associate Arnold Du Toit had won PC World Best Young Entrepreneur 2011 for setting up Drive Daddy, a company which manufactures a powered golf trolley ("RolleyGolf") you can ride.

### *Strongman Games*

24. The board noted that Strongman Games had just produced a game called 'Ka-Bloom' which had been licensed to BBC Worldwide.

### **Caze Ltd and BBM Ltd**

25. The board noted that in the claim brought against Caze Ltd and BBM Ltd by Boundary Capital for breach of contract Caze and BBM had been advised to accept a £12,500 settlement which they had agreed to. Caze had until the end of the month to pay the settlement and as it had no money had requested its shareholders to raise the money.
26. The board noted that SBUEL had agreed at its last meeting to pay £5k to Caze to cover these costs. So far £3k had been paid to Caze and the board authorised a further £2.5k to be paid to Caze to cover costs which had risen to £5.5k.
27. The board noted that following the imminent closure of Caze its shareholding had transferred to BBM Limited.

### **London Knowledge Innovation Centre (LKIC)**

28. In relation to its relationship with LKIC, the Board noted that there was a meeting in early 2012 to review the options.

## Research and Enterprise Review

29. The board noted the University's vision to become "London's Enterprising University".
30. It was noted that interviews for the new Enterprise Director were to be held on 30 November 2011 with a proposed start date of January 2012.
31. It was noted that LSBU's Enterprise Centre building project was on track and it was scheduled for completion in spring/summer 2013. A senior member of the Royal Family had provisionally agreed to officially open the Enterprise Centre and that confirmation should be received before Christmas 2011.

## Employment of Staff by SBUEL

32. The board considered that it would be in the best interests of the company to employ an Enterprise Director and other new enterprise roles. It was noted that the Memorandum and Articles of Association envisage employment and remuneration by SBUEL.
33. After careful consideration, the Board authorised the employment of:
  - a. an Enterprise Director; and
  - b. such other enterprise staff as required

under such terms and conditions as approved by the Pro Vice Chancellor (External) (as advised by the LSBU Director of HR). The Board noted that the published policy in its future annual report and accounts will accordingly be that of an employer of a number of staff.

34. The board approved this arrangement and agreed that a written service level agreement between the company and the University would be produced.

## Management Accounts

35. The Chair introduced the management accounts (paper **SBUEL.06(11)**) and the board noted that the results to date were broadly in line with expectations.
36. The board requested a short meeting to be held in December 2011 to discuss enterprise reporting, incentives and the SBUEL budget.

## **Company Secretary**

37. The board noted the resignation with effect from 2 November 2011 of Sarah Priestman as Company Secretary and approved the appointment of James Stevenson to that role. The Chairman thanked Sarah for her valuable contribution over the years.

## **Articles of Association**

38. The Secretary informed the board that the articles of association would be amended to conform to the Companies Act 2006. The board requested an update at its next meeting.

## **Date of next meeting**

39. The board requested the Secretary to arrange a meeting in December 2011 and to propose dates for its meetings in 2012.

There being no further business, the meeting concluded.

Confirmed as a true record:

.....  
Chairman

	<b>PAPER NO: SBUEL.01(12)</b>
<b>Committee:</b>	<b>Board of Directors</b>
<b>Date:</b>	<b>28 March 2012</b>
<b>Subject:</b>	<b>Update on Memorandum and Articles of Association</b>
<b>Author:</b>	<b>James Stevenson, Company Secretary</b>
<b>Recommendation:</b>	<b>That the Board discusses proposed changes to the company's Memorandum and Articles of Association</b>

### **Executive summary**

1. The company's Memorandum and Articles of Association are being reviewed to update in line with the Companies Act 2006. Under section 31 of the Companies Act 2006, unless companies specifically restrict their objects, the objects of the company will be unlimited.
2. It is proposed that the Model Articles for private companies limited by shares (under schedule 1 of the Companies (Model Articles) Regulations 2008) will be used and revised as necessary for the company. Revisions may include articles on control by parent, share capital, indemnity and gift aid arrangements.
3. It is proposed that the draft Articles will be circulated to the Project ALEX team for comment. The approval route for the Articles of Association is set out in the Project ALEX actions and will require SBUEL Board approval in June 2012 and call of an Extraordinary General Meeting before final approval by the University's Board of Governors (as the company's shareholder) in July 2012. The potential change of name and the selection process for non-executive directors will be linked to the changes to the Articles.

	<b>Board/Committee</b>	<b>Date</b>
Matter previously considered by:		
Further approval required?		
Communications – who should be made aware of the decision?	N/A	

**SOUTH BANK UNIVERSITY ENTERPRISES LTD**  
**ALL PROJECTS**  
 29/02/12

		-IN YEAR ACTIVITY 2011/12-										-FULL LIFE ACTIVITY-										
Source	Source (T)	Project Manager	Budget	Cost C.	Start	End	Outstanding Invoices*	Income To Be Released	Income Released (D)	Staff Cost (A)	Opex (B)	Direct Cost (A) + (B) = (C)	University Overhead (E)	Profit in management accounts (D)-(C)-(E)	Income Released (D)	Staff Cost (A)	Opex (B)	Direct Cost (A) + (B) = (C)	University Overhead (E)	Profit in management accounts (D)-(C)-(E)		
7321	R+D INITIATIVE-PHASE II	John Scriven		2690	Ongoing			31,208	67,583	79,714	11,402	91,117	8,405	31,939	1,807,205	1,499,806	144,168	1,643,974	173,682	10,451		
7641	Edrington Group - Highland Park	John Scriven	17,500	2690	01/04/11	01/07/11		-	17,500	4,000	-	4,000	2,594	10,906	17,500	4,000	8,540	12,540	2,594	2,366		
7652	Edrington Group - Price sensitivity study	John Scriven	18,500	2690	01/08/11	01/10/11		2,456	16,044	4,000	9,450	13,450	2,594	-	16,044	4,000	9,450	13,450	2,594	-		
<b>Subtotal Business</b>								<b>33,664</b>	<b>101,127</b>	<b>87,714</b>	<b>20,852</b>	<b>108,567</b>	<b>13,593</b>	<b>-21,033</b>	<b>1,840,749</b>	<b>1,507,806</b>	<b>162,158</b>	<b>1,669,964</b>	<b>178,870</b>	<b>-8,085</b>		
7620	London school of Pharmacy - Fingerprint	Perry Xiao	1,800	3330	01/09/10	31/08/10		-	-	-	196	196	-	196	-	-	2,047	2,047	-	2,047		
7624	Various - Fingerprint	Perry Xiao	15,500	3330	11/10/10	11/10/11	2,800	5,701	4,536	1,100	1,480	2,580	1,956	-	5,481	1,100	1,480	2,580	2,902	-		
7426	BRITISH NUCLEAR GROUP	Phil Nolan	521,788	3510	Ongoing			37,004	146,635	118,688	3,946	122,635	24,000	-	1,467,933	1,077,818	67,169	1,144,987	452,387	129,441		
7593	FITFLOP LTD	David Cook / Darren Jam	8,511	3530	01/03/10	28/02/11		7,882	-	-	-	-	-	-	8,962	6,242	2,720	8,962	-	-		
7605	THE ALTIITUDE CENTRE - CPD PROGRAMME	Steve Hunter	3,550	3530	01/05/10	31/12/10		-	-	-	393	393	-	393	1,200	-	393	393	1,200	393		
7623	Elsan Ltd - Disinfectant	John Zhou	160,000	3530	01/09/10	21/03/13	60,000	43,663	31,185	11,714	332	12,047	19,138	4,708	50,000	34,893	6,201	41,093	32,297	23,390		
7625	SO 769 Adas	Katya Mileva	156,000	3530	01/10/10	30/09/13		43,663	31,185	11,714	332	12,047	19,138	-	51,710	11,714	969	12,684	38,277	750		
7626	High Tech Health	Katya Mileva	100,000	3530	01/07/10	Ongoing		77,585	60,441	14,663	43	14,706	45,735	-	92,115	14,663	43	14,706	77,409	-		
7646	MMV Sense - Project	Katya Mileva	6,000	3530	01/04/11	21/04/11		1,465	4,535	302	-	302	4,233	-	4,535	302	-	302	4,233	-		
7658	Stuff of Life - Graduated Compression Trials	Katya Mileva	4,000	3530	10/06/11	30/06/11		1,633	2,367	-	-	-	2,367	-	4,032	-	-	-	2,367	1,665		
7493	TUBE LINES	Graeme MAIDMENT	343,435	3630	12/03/07	31/12/07		45,690	95	-	79	79	-	16	333,956	72,633	236,461	309,094	39,527	14,665		
7595	WSP - ECBOLLER	Tony Day	25,363	3630	15/02/10	30/04/10		19,110	-	-	-	-	-	-	11,073	-	-	-	11,073	-		
7600	Tesco Modelling Work	Graeme MAIDMENT	39,185	3630	01/02/10	30/09/10		23,073	365	275	90	365	-	0	16,112	3,728	2,169	5,897	11,041	827		
7603	WSP - ECO LABELLING	Judith Evans	1,335	3630	16/04/10	20/04/10		2,542	-	-	-	-	-	-	1,552	-	-	-	1,552	-		
7622	TESCO	Issa Chaer & Graeme MA	294,000	3630	26/09/10	15/09/12		73,089	17,316	16,015	1,301	17,316	-	0	213,911	48,596	42,679	91,275	122,636	-		
7629	Environ/Carbon Trust	Tony Day	11,305	3630	22/11/10	31/01/11		12,821	669	-	-	-	669	-	10,489	878	51	929	8,891	669		
7630	AEA - Code of Practice	Graeme MAIDMENT	18,020	3630	15/11/10	15/04/11		6,334	3,524	4,029	163	4,192	-	669	11,444	4,329	464	4,793	7,319	669		
7632	New Heat Development	Adri Bester	11,988	3630	01/02/11	28/02/11		2,352	-	-	26	26	-	26	1,648	-	827	827	795	26		
7633	SEEDA	Tony Day	11,988	3630	04/01/11	31/03/11		1,936	-	-	-	-	-	-	2,059	-	-	-	2,059	-		
7639	Sustran - CCT Cycling Cities	John Parkin	21,520	3630	01/06/10	31/03/12		4,309	8,437	5,353	28	5,381	3,056	-	10,205	5,353	28	5,381	4,825	-		
7643	PFC Corofil Firestop	ken Smith	581	3630	18/05/11	01/06/11		334	247	-	-	-	247	-	247	-	-	-	247	-		
7647	RMS1 - Greener Cooling	Issa Chaer	7,000	3630	01/05/11	01/09/11	8,400	3,383	3,617	-	386	386	3,231	-	3,617	-	386	386	3,231	-		
7650	ROYAL ACADEMY OF MUSIC- Audiometry testing	Stephen Dance	6,933	3630	08/09/11	15/09/11		1,326	5,607	311	3,564	3,874	1,733	-	5,607	311	3,564	3,874	1,733	-		
7654	ASDA Consultancy - Refrigeration & Air Condition Strategy	Graeme MAIDMENT	1,200	3630	15/09/11	20/09/11		810	390	-	-	-	390	-	390	-	-	-	390	-		
7655	Name Drop SARL	Darren James	10,000	3630	01/10/11	30/09/14		10,000	-	-	-	-	-	-	-	-	-	-	-	-		
7572	FIREFLY FORMULA	Adri Bester	11,304	3530	01/11/09	31/01/10		-	-	6	6	-	-	6	11,003	4,230	3,198	7,428	3,423	151		
7609	Vitalighting Ltd	Adri Bester	8,510	3700	17/05/10	17/08/10		6,334	-	-	-	-	-	-	2,176	-	57	57	2,119	-		
7619	SALSA - Audit	Adri Bester	3,250	3700	01/01/10	31/12/10		423	116	-	116	116	-	-	877	-	121	121	491	265		
7635	PARADISE RUM PUNCH LTD	Adri Bester	1,950	3700	01/02/11	28/02/11		1,685	-	-	-	-	-	-	265	-	-	-	265	-		
7645	Cherry Active Ready to Drink NPD	Adri Bester	4,500	3700	18/05/11	01/09/11		-	-	-	92	92	-	92	-	-	92	92	-	92		
7648	The Great British Bake Off	Chris Brock	800	3700	01/06/11	09/06/11		410	-	-	-	-	-	-	390	-	-	-	390	-		
7663	KX Nutritional Declarations	Chris Brock	600	3700	20/02/12	27/02/12		341	259	-	-	-	259	-	259	-	-	-	259	-		
7495	PARSONS BRINKERHOFF LTD	Graeme MAIDMENT	62,713	3810	01/06/07	31/12/09		22,302	-	-	-	-	-	-	53,047	404	54,898	55,301	3,248	5,502		
7548	WSP Environmental Ltd	Graeme MAIDMENT	9,936	3810	01/10/08	31/01/09		6,326	-	-	-	-	-	-	9,936	-	-	-	3,610	6,326		
7618	Various Companies - Cereb Room Hire	Judy Turton	15,000	3910	01/08/10	31/07/11		9,943	372	-	-	-	372	-	2,658	-	45	45	2,613	-		
<b>Subtotal ESBE</b>							<b>71,200</b>	<b>429,805</b>	<b>340,712</b>	<b>193,301</b>	<b>13,750</b>	<b>207,050</b>	<b>139,014</b>	<b>-5,352</b>	<b>2,388,888</b>	<b>1,287,193</b>	<b>426,060</b>	<b>1,713,253</b>	<b>842,808</b>	<b>-167,173</b>		
7565	SEARCH AND DEVT ADVICE	Joan Curzio	4,430	4100	05/06/09	17/07/09		7,598	22,933	22,933	-	22,933	-	-	38,158	22,933	-	22,933	15,224	-		
7570	CWDC - REFRESHER COURSE	Mary Saunders	151,600	4210	10/08/09	31/12/10		31,088	33,948	32,186	1,761	33,948	-	-	141,069	59,165	25,565	84,730	56,339	-		
7991	PATRICK FAHY & CO. SOLICITORS	Pamela Eakin		4510	Ongoing			1,089	-	-	-	-	-	-	7,656	5,195	-	5,195	2,461	-		
<b>Subtotal HSC</b>							<b>-</b>	<b>39,775</b>	<b>56,881</b>	<b>55,120</b>	<b>1,761</b>	<b>56,881</b>	<b>-</b>	<b>-</b>	<b>186,883</b>	<b>87,293</b>	<b>25,565</b>	<b>112,858</b>	<b>74,025</b>	<b>-</b>		
7611	THE MEANS - SME ENGAGEMENT	Lynn Vickery	5,600	5510	01/05/10	12/07/10	6,580	-	-	-	-	-	-	-	5,600	2,749	-	2,749	2,661	190		
7656	World Bank Lubelskie Regional Devt Strategy (LRDS)	Neil Adams	7,583	5510	11/10/11	30/11/11		3,639	3,945	-	874	874	3,070	-	3,945	-	874	874	3,070	-		
7542	VARIOUS-FACILITIES HIRE	Jenny Allan	3,000	5610	30/01/09	31/07/10		12,223	1,257	645	-	645	612	-	7,675	2,836	299	3,135	1,774	2,766		
<b>Subtotal AHS</b>							<b>6,580</b>	<b>15,862</b>	<b>5,201</b>	<b>645</b>	<b>874</b>	<b>1,520</b>	<b>3,682</b>	<b>-</b>	<b>17,220</b>	<b>5,585</b>	<b>1,174</b>	<b>6,758</b>	<b>7,505</b>	<b>2,957</b>		
7621	LSIS - Support	John Sutter	271,399	5960	01/06/10	31/07/11		-	-	-	4,933	4,933	764	4,169	218,308	155,913	8,487	164,400	35,815	18,094		
<b>Subtotal LLU+</b>							<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,933</b>	<b>4,933</b>	<b>-764</b>	<b>-4,169</b>	<b>218,308</b>	<b>155,913</b>	<b>8,487</b>	<b>164,400</b>	<b>35,815</b>	<b>18,094</b>		
7491	MIXED	Katya Mileva	20,000	6450	01/08/07	31/07/13		41,304	5,237	1,086	1,803	2,889	2,348	-	26,437	7,204	10,479	17,682	11,754	3,000		
<b>Subtotal Academy of Sports</b>							<b>-</b>	<b>41,304</b>	<b>5,237</b>	<b>1,086</b>	<b>1,803</b>	<b>2,889</b>	<b>2,348</b>	<b>-</b>	<b>26,437</b>	<b>7,204</b>	<b>10,479</b>	<b>17,682</b>	<b>11,754</b>	<b>-</b>	<b>3,000</b>	
7649	London Metropolitan University - Emerald consolidated account	Sheila Grace		7490	01/08/11	Ongoing		17,461	15,706	-	15,706	15,706	-	-	15,706	-	15,706	15,706	-	-		
<b>Subtotal RBDO</b>							<b>-</b>	<b>17,461</b>	<b>15,706</b>	<b>-</b>	<b>15,706</b>	<b>15,706</b>	<b>-</b>	<b>-</b>	<b>15,706</b>	<b>-</b>	<b>15,706</b>	<b>-</b>	<b>15,706</b>	<b>15,706</b>	<b>-</b>	<b>-</b>
7577	ALLWAG PROMOTIONS	Wendy Graves	5,000	7950	11/05/09	11/05/10		3,598	108	-	-	-	106	2	8,147	-	589	589	1,009	6,549		
<b>Subtotal Marketing</b>							<b>-</b>	<b>3,598</b>	<b>108</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106</b>	<b>2</b>	<b>8,147</b>	<b>-</b>	<b>589</b>	<b>589</b>	<b>1,009</b>	<b>6,549</b>		
<b>GRAND TOTAL</b>							<b>77,780</b>	<b>581,470</b>	<b>524,973</b>	<b>337,866</b>	<b>59,680</b>	<b>397,546</b>	<b>157,980</b>	<b>-30,553</b>								



	<b>PAPER NO: SBUEL.02(12)</b>
<b>Committee:</b>	<b>Board of Directors</b>
<b>Date:</b>	<b>28 March 2012</b>
<b>Subject:</b>	<b>Management Accounts</b>
<b>Author:</b>	<b>Rebecca Warren, Accountant</b>

## **Executive summary**

### **Budgets**

1. Following a specific request after the last produced management accounts, a budget for the overhead recharges (described as "University charge on invoices" on the management reports page) has now been included. This budget is not included in the University budget, because it cancels out on consolidation, and therefore the budget in the SBUEL management accounts does not now match exactly to the budget in the University accounts.
2. When the University budgets were prepared, no budget was included in SBUEL for the Director's salary, or for the salaries of any other new staff members (of which two have recently started, in addition to the Director of Enterprise).

### **Forecast**

3. The baseline to producing the forecast is a simple projection from the actual year-to-date figures -- since the most significant costs are salaries which apply throughout the year, and income recognition is spread fairly evenly across the year also, a simple projection is appropriate in most cases.
4. The exceptions to this rule are staff salaries which do not apply for the entire year -- in these cases the projection has been overridden with an estimate of the total cost for the year. This applies to the Director of Enterprise, and the other two new employees of SBUEL.

## Comparatives

5. Some of the income figures are noticeably lower than last year's. Particular reasons for this: last year consultancy income was received from LLU+ (78K YTD); this year LLU+ has closed down and there has been no income.
6. In addition, in the late autumn of 2010, Rebecca Warren, Ed Tinley and Andy Tilbrook examined all the projects in ESBE and identified those which were complete, meaning that any remaining income could be released immediately. There has been no similar exercise this year, although several projects which can be closed at the March month end have been identified.

## Project Report

7. This report shows a detailed breakdown by project as at the end of February. (Only project income and expenditure is included; central and property related income and expenditure are not included).
8. SBUEL is usually dominated by a small number of large projects, and these should be the focus of most of our attention. The most significant six projects in the current year are highlighted on the project report. Between them they represent 71% of income release and 77% of staffing costs for projects.
9. Tim has made a specific request that income be released to the profit and loss account according to the progress of the project, rather than (as currently applies to all projects apart from the R&D Initiative in Business) according to the level of expenditure. He has also asked for a forecast of total income and expenditure by project. When considering how this will work, the focus will be on the six largest projects.

	<b>Board/Committee</b>	<b>Date</b>
Matter previously considered by:		
Further approval required?		

Communications – who should be made aware of the decision?	N/A
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2010/11 OUTTURN				PROFIT & LOSS ACCOUNT SOUTH BANK UNIVERSITY ENTERPRISES LTD FULL YEAR	2011/12 FORECAST				2011/12 TOTAL BUDGET				2011/12 TOTAL FORECAST VARIANCE			
TOTAL £	CONSULT- ANCY £	CONTRACT RESEARCH £	OTHER £		TOTAL £	CONSULT- ANCY £	CONTRACT RESEARCH £	OTHER £	TOTAL £	CONSULT- ANCY £	CONTRACT RESEARCH £	OTHER £	TOTAL £	CONSULT- ANCY £	CONTRACT RESEARCH £	OTHER £
2,168,102	588,499	801,794	777,809	<b>TOTAL INCOME</b>	1,664,930	226,127	691,121	747,682	1,351,780	55,500	587,500	708,780	313,150	170,627	103,621	38,902
688,880	210,149	417,736	60,995	<b>DIRECT EXPENSES (EXTERNAL)</b>	655,730	129,557	463,955	62,218	432,040	3,000	418,093	10,947	(223,690)	(126,557)	(45,862)	(51,271)
42,703	10,245	32,458	-	Salaries	26,657	26,143	514	-	-	-	-	-	(26,657)	(26,143)	(514)	-
251,743	29,124	98,290	124,330	Consultancy	138,201	17,244	58,407	62,550	134,225	7,500	67,500	59,225	(3,976)	(9,744)	9,093	(3,325)
58,965			58,965	Other expenses	35,570			35,570	80,000			80,000	44,430			44,430
				Intellectual Property												
<b>1,042,292</b>	<b>249,518</b>	<b>548,484</b>	<b>244,290</b>	<b>TOTAL DIRECT EXPENDITURE</b>	<b>856,157</b>	<b>172,944</b>	<b>522,876</b>	<b>160,338</b>	<b>646,265</b>	<b>10,500</b>	<b>485,593</b>	<b>150,172</b>	<b>(209,892)</b>	<b>(162,444)</b>	<b>(37,283)</b>	<b>(10,166)</b>
1,125,811	338,981	253,310	533,519	<b>GROSS PROFIT</b>	808,773	53,183	168,246	587,344	705,515	45,000	101,907	558,608	103,258	8,183	66,339	28,736
52%	58%	32%	69%	% of total income	49%	24%	24%	79%	52%	81%	17%	79%	33%	5%	64%	74%
472,659	181,940	286,897	3,822	<b>LSBU RECHARGES **</b>	270,823	42,767	226,187	1,869	228,450	27,750	200,700		(42,373)	(15,017)	(25,487)	(1,869)
-				University charge on invoices	-			-	-				-			-
1,290			1,290	Management charge	1,290			1,290	-				(1,290)			(1,290)
				Loan interest								-				
<b>473,949</b>	<b>181,940</b>	<b>286,897</b>	<b>5,112</b>	<b>TOTAL LSBU RECHARGES</b>	<b>272,113</b>	<b>42,767</b>	<b>226,187</b>	<b>3,159</b>	<b>228,450</b>	<b>27,750</b>	<b>200,700</b>	<b>-</b>	<b>(43,663)</b>	<b>(15,017)</b>	<b>(25,487)</b>	<b>(3,159)</b>
651,862	157,041	(33,587)	528,408	<b>PROFIT/LOSS BEFORE ADMINISTRATIVE EXPENSES</b>	536,660	10,416	(57,941)	584,185	477,065	17,250	(98,793)	558,608	59,595	(6,834)	40,852	25,577
30%	27%	-4%	68%	% of total income	32%	5%	-8%	78%	35%	31%	-17%	79%	19%	-4%	39%	66%
45,549				<b>ADMINISTRATIVE EXPENSES (EXTERNAL)</b>	-								-			
47,773				Bad debts (increase in provision)	120,023				24,540				(95,483)			
12,475				Salaries	8,666				6,000				(2,666)			
				Other operational expenses												
<b>105,798</b>				<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>128,689</b>				<b>30,540</b>				<b>(98,149)</b>			
<b>546,064</b>				<b>PROFIT/LOSS AFTER ADMINISTRATIVE EXPENSES</b>	<b>407,971</b>				<b>446,525</b>				<b>(38,554)</b>			

\* Profit before Gift Aid

\*\* intercompany charges that will cancel out on consolidation

# South Bank University Enterprises Ltd

Spin-Out Company Report

Report Update:

23<sup>rd</sup> March 2012

**Company:** *CaZe Filters Ltd/BBM Technology Ltd*

**Nature of Business:** BBM is a Technology Development and Licensing company  
CaZe Filters set up by BBM to commercialise Ceramic Filter technology under license for use in the Food industry.

**Origins:** BBM Technology (former employee and student) offered SBUEL the opportunity to support new start up company (CaZe Filters Ltd) on a technical support for equity arrangement.

**SBUEL Interest:** 18% Equity Stake in CaZe Filters Ltd (now worthless)  
9% Equity in BBM Technology Ltd

**SBUEL Director(s):** CaZe Filters Ltd: Dr Ed Tinley  
BBM Technology Ltd: No Director

**SBUEL IP:** None

## Summary of Developments since last Report:

BBM's licensee, Fripura Ltd, entered into an agreement with Morganite Thermal Ceramics to manufacture ceramic filters. BBM supporting Morganite with scale up process and although a number of technical "growing pains" have been encountered these are resolvable. Fripura apparently raised £4M from Rothschilds to assist Morganite with manufacturing capital/process costs. Fripura anticipate production reaching 150,000 units/wk by July 2012 rising to 1M units/wk by end year. Further trial of Filter prototypes at Belhaven Ltd (operate numerous fast food and restaurants in Scotland/NE England) very successful.

BBM Royalties: 5% of sale price in UK. Anticipate sale price: £2.50/unit.

## **History and Previous Reports:**

BBM Technology identified novel ceramic materials as potential filters for use in the food industry. They established CaZe Filters Ltd as a vehicle for commercialising the technology. CaZe had an exclusive license to exploit the technology in the Food sector.

CaZe approached LSBU in 2008 to assist them develop the filters under a technical support for equity arrangement. During 2007/8 LSBU provided approx £80K of technical support to CaZe Filters Ltd in exchange for 18% equity (held by SBUEL) in CaZe Filters plus a Director on the CaZe Board. The LSBU effort was paid for from HEIF3.

The test filters were shown to keep cooking oils significantly sweeter for longer by removing unwanted and hazardous breakdown products (aldehydes and trans fats) from oils during the frying process. Restaurant trials also showed that use of the new filters enhanced the taste of the cooked food. The technology offers economic as well as environmental and health benefits to food companies involved in frying processes.

In early 2010, CaZe and BBM entered into an MoU with Boundary Capital Ltd through which BCL would

# South Bank University Enterprises Ltd

## Spin-Out Company Report

Report Update:

28<sup>th</sup> March 2012

<b>Company:</b>	<b><i>BIOX Systems Ltd</i></b>
<b>Nature of Business:</b>	BIOX develops, manufactures and sells device that measure properties/phenomena at or across the skin barrier. The core product, Aquaflux, monitors moisture transpiration across skin barrier. Of interest principally to pharmaceutical, cosmetics and skin-care/health related companies.
<b>Origins:</b>	BIOX genuine spin-out from research at LSBU (ESBE) in Opto-physics funded through ESPRC grants.
<b>SBUEL Interest:</b>	24% Equity Stake in BIOX.
<b>SBUEL Director(s):</b>	Dr Sheila Grace
<b>SBUEL IP:</b>	SBUEL owns the core patent relating to Aquaflux which is licensed to BIOX. SBUEL maintains the patent and recharges BIOX. BIOX pays royalties on all sales of Aquaflux at 5% of sale price.

### Summary of Developments since last Report:

Year end sales (October 2011) were up 40% at £231K. Royalties of £9.2K are payable to SBUEL (accounts still to be approved). Profits are said to be “healthy”.

Further improvements made to Aquaflux production process. However, new sensors have caused technical issues which are being resolved.

BIOX moving to larger premises (LKIC) in April to allow greater production, assembly and testing operations.

Launch of new Epsilon product (permittivity imaging sensor) based upon microchip fingerprint sensing technology developed at and owned by LSBU, expected in Summer 2012.

## History and Previous Reports:

BIOX System Ltd established in 2001 by Professor Bob Imhof (now Emeritus) and Dr Perry Xiao. Both are Directors of BIOX. Sales steady over last 10 years at around £100-200K/a. Loss making until 2009. Now makes small profit annually of £25-30K

Imhof invested significant own money and time to tide business through development/loss making period.

Imhof lead technical, marketing & sales person through mainly international conferences

Currently employs 7 staff (including Imhof and 5 ex LSBU PhD students/graduates. Employs LSBU students on Projects

Based in LSBU's Borough Road Labs until end 2010, now located in Technopark.

Won BT London Business of Year award (Technology) in 2003.

	<b>PAPER NO: BG.XX(12)</b>
<b>Committee:</b>	<b>Board of Governors</b>
<b>Date:</b>	<b>24 May 2012</b>
<b>Subject:</b>	<b>New defined contribution pension scheme</b>
<b>Author:</b>	<b>Natalie Ferer, Financial Controller</b>
<b>Executive sponsor:</b>	<b>Richard Flatman, Executive Director of Finance</b>
<b>Recommendation by the Executive:</b>	<p>The Executive recommends that the Board approve the key features of the proposed defined contribution pension scheme for SBUEL employees, including the tiered contributions at the rates shown.</p> <p>If approved, Lane Clarke Peacock (LCP) will be instructed to proceed with procuring a suitable pension provider.</p>

**Executive summary**

- The issue of pension provision and deficits has been identified as a key risk by the University. The deficit in the LPFA pension scheme was £55m at 31<sup>st</sup> July 2011 and employer contributions are currently 20.8% of payroll cost for those members in the scheme
- The option of employing staff through a subsidiary company on terms which included defined contribution rather than defined benefit pensions has been discussed previously by HR committee and by the Board
- The Board has previously approved the appointment of LCP to assist in the development of the new defined contribution scheme
- The scheme will be structured in such a way that it can be used not only for SBUEL but for any other subsidiary companies that LSBU might seek to establish in future
- The key feature of the proposed new scheme will be a 2 tiered contribution structure as follows:

<b>Band</b>	<b>Employee Contribution</b>	<b>University Contribution</b>
<b>1</b>	3%	6%
<b>2</b>	6%	9%



## London South Bank University

- The structure of the scheme will balance choice and incentives to the employee whilst limiting the University's exposure to rising pension costs.
- Next steps are set out in section 5 of this report.

	<b>Board/Committee</b>	<b>Date</b>
Matter previously considered by:	HR committee Board of Governors Executive SBUEL Board	January 2012 and May 2012 November 2011 April 2012 April 2012
Further approval required?	N/A	

Communications – who should be made aware of the decision?	Unions (at an appropriate stage)
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# London South Bank University

## 1. Background

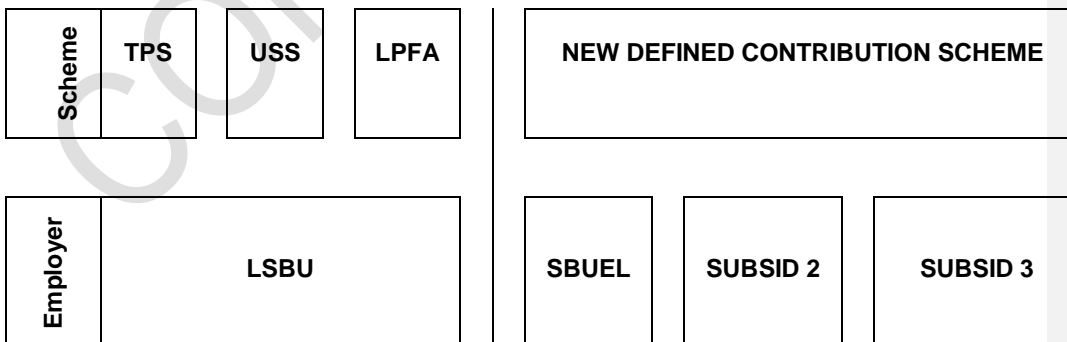
The University operates three pension schemes, the Teachers Pension Scheme (TPS) and University's Superannuation Scheme (USS) for Academic staff and the London Pensions Fund Authority (LGPS) for support staff. All staff are currently employed by London South Bank University (LSBU) and are eligible to join one of these three schemes.

The LPFA is the current area of focus as we are required to account for this under FRS17. The scheme had an FRS deficit of £55m at 31 July 2011 and employer contributions are currently 20.8% which is deemed to be unaffordable. The issue of pension provision and deficits has been identified as one of the 'top 10' risks in the University's risk register.

Various options have been considered, including employing staff via a subsidiary company where a defined contribution scheme can be offered. This is seen as a potentially effective strategy with which to manage this risk, given that the deficit in the LGPS scheme is largely driven by factors outside of the University's control.

## 2. New Defined Contribution Scheme

The University's subsidiary company, SBUEL, now has 2 employees and a further 15 staff are expected to be employed by SBUEL in the coming months. Some staff will be TUPE transferred from LSBU to SBUEL and some will be recruited to new posts. The three existing schemes will continue to be available to LSBU employees whilst the new defined contribution scheme will be offered to employees of SBUEL and any future subsidiary company the University may set up.



# London South Bank University

### 3. Proposed key scheme features

The project team, which is chaired by the Director of Finance, has taken advice from LCP as to the features of the defined contribution pension scheme. The key features proposed are as follows:

- A **matched** contribution structure with two levels of contributions

Band	Employee Contribution	University Contribution
1	3%	6%
2	6%	9%

The rationale for recommending this structure is that it:

- ✓ is competitive but not overly generous
  - ✓ encourages uptake given the relatively low cost for staff choosing band 1
  - ✓ provides more than one option
  - ✓ provides an incentive for employees to contribute more with employer contributions at 9% in band 2
  - ✓ helps manage the University cost by potentially discouraging employees from making the transition from band 1 to band 2 given the steep increase in employee contributions from 3% to 6%
  - ✓ offers employer contributions above private sector benchmark but lower than the HE norm (see Appendix 1)
  - ✓ complies with auto enrolment legislation which requires a total pension contribution of 8%, with the employer contributing at least 3%.
  - ✓ allows the university a degree of control over costs by limiting the number of contribution bands, only allowing staff to change bands once a year and having a top rate contribution of 9% (significantly lower than the current rate of 20.8%)
  - ✓ is administratively more convenient than other structures considered.
- A **'tier 1'** structure which links contributions to basic pay and which will comply with the "Auto Enrolment" legislation. Tier 1 means that contributions will be linked to all elements of pay that do not vary, and would therefore exclude contribution on variable pay elements including commission, overtime and bonuses.
  - A **Salary sacrifice** arrangement whereby employees agree to give up a proportion of their pay equal to their pension contribution. LSBU will pay the same amount into the pension plan. This will reduce the overall national insurance cost to both the employee and LSBU.

# London South Bank University

- **Life cover**, in addition to pension benefits, of 4 x salary, which is a better benefit than the 2 ½% currently offered in the LGPS scheme
- **Ill health Income protection** of 60% of salary, payable for a maximum of 2 years. It is recommended that this is made available as an additional benefit only to those staff transferring from one of the current defined benefit schemes, to replace the current scheme ill health retirement cover.

## 4. Costs

It is expected that initially 15 staff will be employed by SBUEL and will be eligible to join the new defined benefit pension scheme. At the start of the scheme it is expected that staff would on average opt for the higher band of contributions as members transferring from the current defined benefit schemes would be used to paying higher employee contributions. The costs below show the overall costs for the recommended scheme at the two levels of contribution. Costs for life assurance and income protection are indicative only and actual costs will not be known until terms are obtained and agreed.

It should be noted that as an employer, the University and its subsidiaries can have different scheme structures for different groups of staff in the future.

Percentage costs		
<b>Pension</b>	6%	9%
<b>Life Assurance (4x salary)</b>	0.32%	0.32%
<b>Income Protection (payable for 2 years)</b>	0.45%	0.45%
<b>Sub Total</b>	6.77%	9.77%
<b>Additional NI (for existing DB members)</b>	2.49%	2.49%
<b>Reduction for salary sacrifice</b>	-0.69%	-0.94%
<b>Total</b>	8.57%	11.32%

The estimated overall cost for the initial 15 members taking the option of band 1 contributions would be £74,000 per annum.

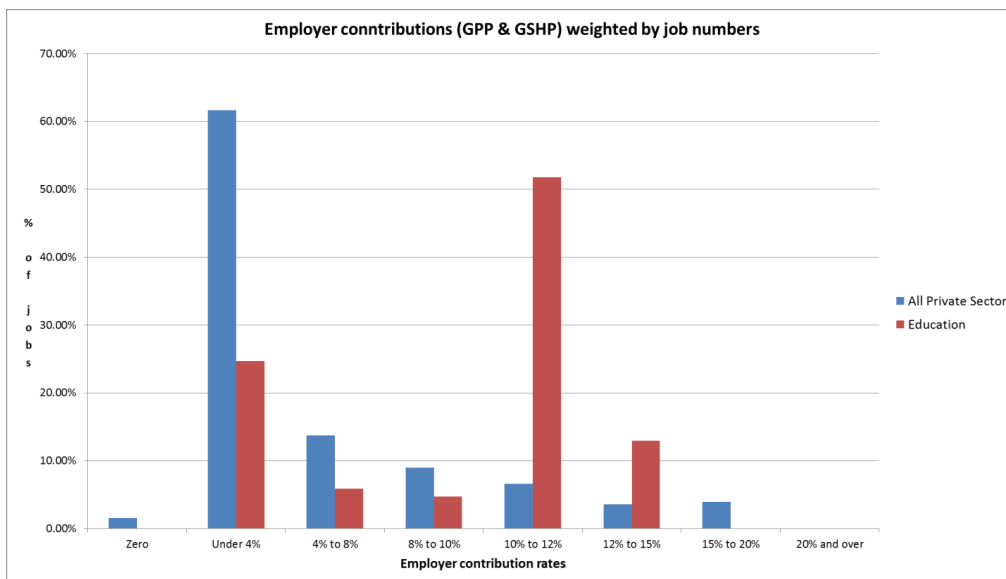
**Comment [f1]:** Natalie – please amend to show cost for Band 2. You say above that the 15 will opt for band 2. Can you also show please how it compares with current cost at 20.8%

# London South Bank University

## 5. Next steps

Next steps are as follows;

Description	Date completed
LCP to submit provider recommendation report	1 <sup>st</sup> June
Selection process and provider site visits	16 June
University to confirm provider selection	30 June
LCP to recommend fund range and default investment strategy	15 July
Implementation meeting with new provider	15 July
LSBU to consult legal advisors regarding any amendments to employment contracts to accommodate salary sacrifice and/or automatic enrolment as appropriate	15 July
Review and agree provider communications	30 July
Member communications issued with joiner forms or opt out forms for contract based arrangement	15 Aug
Presentations by provider to introduce the new arrangement	30 Aug
Deadline for return of employee applications and opt out forms	15 Sept
Scheme commences	1 Oct



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# South Bank University Enterprises Ltd

Spin-Out Company Report

Report Update:

28<sup>th</sup> March 2012

**Company:** *SOLION Ltd*

**Nature of Business:** Develops and sells and installs mountings for Photovoltaic arrays. Develops other Solar powered products.

**Origins:** Based upon know-how/expertise of former LSBU academic (Dr Mike Duke) and PhD student (Dr Loey Salam) developed through Student solar car projects.

**SBUEL Interest:** 16% Equity Stake in SOLION. SBUEL has a loan of £52K outstanding.

**SBUEL Director(s):** No Director

**SBUEL IP:** None

## Summary of Developments since last Report:

Report awaited

## History and Previous Reports:

Nov 11: Case of Infringement (by SOLION of RENU SOL IP) heard in German courts last week. Thrown out and costs awarded against RENU SOL (75%).

Also heard SOLION claims that RENU SOL Patent Invalid. Judges accepted that Claims invalid. Likely to go to Appeal (2-3 years).

Mar 11: Court case for Infringement pending in Germany (RENU SOL – Major Ger Industrial Company).

Accounts for 2011 are outstanding.